PAMPHLETS.

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various publications concerning.

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G. Allen

LETTER

TO

JAMES MONROE, ESQ.

President of the United States,

ON THE

STATE OF THE COUNTRY:

WITH A PLAN

FOR IMPROVING THE CONDITION OF SOCIETY.

BY JOHN MELISH.

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PREFACE.

THE author of the following letter has been induced to pay great attention to the *state of the country*, particularly as relates to its foreign relations, in consequence of certain improvements necessary to be made in his literary and topographical works.

From every view which he could take of the state of society generally since the last peace, he has been impressed with the belief that foreign commerce would be very limited and precarious for some time; and he considered that it would be sound policy to "*protect and encourage our internal industry*," as the only means of making us an independent and prosperous nation. These sentiments were communicated to the public, in a letter addressed to the President of the United States, two years ago.

He is now of opinion that we have reached A CRISIS, and a change must take place, either by *legislation* or *the force of circumstances*. The present is therefore judged a favourable period for taking a new view of the subject, which is done in the following pages, and it is most respectfully submitted to the consideration of the President of the United States and constituted authorities of the country; and to his fellow citizens generally.

In order to form data whereon to ground the calculations, it became necessary to make an estimate of the exports and imports since the peace. This was a work of great labour and difficulty, particularly as relates to the imports. It is observed that the same difficulty occurred to the Committee on Commerce and Manufactures in the Senate of the United States, who have made a very elaborate report on the subject, presenting some new views which the author has availed himself of; and as the subject is exceedingly interesting, as connected with the present enquiry, a new view is taken of it in the appendix.

The former letter has been frequently referred to in this, and as it is believed that the views presented in that letter are generally sound, some additional reasoning founded upon it is introduced in the appendix, and some errors are corrected.

That the whole may be useful to the country is the earnest wish of

THE AUTHOR.

TO

JAMES MONROE, Esq.

President of the United States.

Sir,

DEEPLY impressed with a sense of the injuries inflicted upon this country through the medium of an overstrained foreign commerce, I took the liberty to convey my sentiments to the public, in a letter addressed to you, bearing date the 12th January, 1818. To that letter I beg leave respectfully to refer.

About the same time numerous memorials were sent to Congress, and the subject occupied the attention of the legislature during part of that session. Some little alteration was made in the tariff, and some important regulations were adopted to guard against fraud; but it clearly appears by subsequent circumstances that the protection afforded to American industry was wholly insufficient to secure to it the use of the American market. Indeed, it is apprehended, that it was not clearly seen, even by the greater part of those engaged in manufactures, that unless the protection was sufficient *to secure to American industry the free use of its own market*, it would be impossible to extend the manufacturing system, or even to sustain that portion of it which was then in operation. In the letter referred to, 50 per cent. was assumed as the basis of an efficient protecting duty; but the general sense of the country seemed to be that duties equal to half that amount, or 25 per cent., would be sufficient. The duty upon the great leading articles of imports being made permanent at that rate, it was then thought, by many, that if manufactures did not flourish, they ought to fall. We have had this system in operation nearly two years longer. Manufactures have not flourished—and the question now is—MUST THEY FALL?

I am encouraged to enter again upon the discussion of this question, in consequence of the notice taken of the subject in your late Message to Congress.

"It is deemed of great importance to give encouragement to our domestic manufactures. In what manner the evils adverted to may be remedied, and how far it may be practicable, in other respects, to afford them further encouragement, *paying due regard to all the other great interests of the nation*, is submitted to the wisdom of Congress."

The Secretary of the Treasury again brings it before Congress in the Annual Treasury Report.

"Should an increase of the revenue be deemed expedient, a portion of the deficit may be supplied by an addition to the duties now imposed upon various articles of foreign merchandise, and by a reasonable duty upon sales at public auction. Should Congress deem it expedient to modify the present rate of duties, with a view to afford that protection to our cotton, woollen, and iron manufactures, which is necessary to secure them the domestic market, &c.

"It is believed that the present is a favourable moment for affording efficient protection to that increasing and important interest, *if it can be done consistently with the general interest of the nation.*"

A just view is then taken of some of the beneficial effects that would result from efficient aid being given to manufacturing industry, as follows:

"The situation of the countries from whence our foreign manufactures have been principally drawn, authorises the expectation, that in the event of a monopoly of the home market being secured to our cotton and woollen manufactures, a considerable portion of the manufacturing skill and industry of those countries will be promptly transferred to the United States, and incorporated with the domestic capital of the Union."

We have now decisive evidence that the government of the country is in favour of giving efficient aid to manufacturing industry, provided it can be done consistently with the other great interests of the nation.

Two questions then occur—

First. What are the other great interests of the nation?

Secondly. Can *efficient* aid be given to manufactures consistent with these interests?

In answer to the first question—The other great interests of the nation are—*Agriculture*, *Commerce*, *the Arts and Sciences*—and *the finances of the country.*

In answer to the second—There is no doubt in my mind, that efficient aid can be given to manufactures, not only consistent with due attention to the other great interests of the nation, but that these interests will suffer just in proportion as we neglect to protect manufacturing industry. It may be of importance to go into the proof of the latter part of this assertion.

In what state are the other great interests of the nation? Agriculture in a very depressed state! Commerce nearly annihilated! The Arts and Sciences hid in the shade of national distress! In the estimate of the fiscal transactions of the country for 1820, a deficiency of five millions of dollars!!

What has brought about all this? We have had profound peace. We have had good seasons. We have had, for a great part of the time, a very high price for our produce. We have had the utmost freedom, guaranteed to us by the best form of government in the world! Why then are we at a loss? Why in a state of suffering? The plain answer is—In consequence of our neglecting to protect manufacturing industry. At the period of the peace, we committed a species of national suicide. When we should have raised our tariff, we lowered it; and thereby surrendered up our market to foreign manufacturers, when a double guard should have been planted to secure it to our own citizens; and now the evil day is come upon us. We cannot *go back* and repair the mischief that has been done; but we may *look back*, and after taking a view, step by step, of the ravages that have been made, we may gather wisdom from experience, and shield ourselves against future evils.

As a text to this review, we shall quote a passage from page 14, of the former letter.

"Let us begin by taking a view of these IMPORTS and EXPORTS that bear upon the subject. These are—*Dry Goods* from Britain, and *raw materials* and provisions to Britain. (It might have been added—and cotton goods from Asia, and specie to Asia.) The whole evil rests in this exchange. We receive from Britain (and Asia) articles which we can make for ourselves, and *a vast portion of our people are kept in idleness because we don't make them.* We give them in exchange the very means of making these very articles which we can make ourselves; but this is not all: We are mortgaging our future industry to them (the British) at the rate of twenty or thirty millions a year. By and bye, should the system continue, this must be exhausted, and we will not be able to pay. We will then be branded as an immoral people, for not doing what we will be utterly unable to do."

There are few citizens in America, particularly in or about our large cities, who cannot feelingly appreciate the *effects* of the loss of the industry of themselves, or their neighbours; and the following table of imports and exports will present a vivid picture of the *cause* of the loss of past and present industry, as well as of the mortgage on our future industry.

Years.	Imports.	Years.	Exports.
1815	$118,914,110	1815	$45,974,403
1816	60,569,766	1816	64,784,896
1817	73,516,141	1817	68,358,069
1818	94,477,172	1818	73,854,437
1819 estimated	79,280,000	1819	50,976,838
	$426,757,189		$303,952,643
		Balance	$122,804,546

The different classes of goods imported, on which duties actually accrue, from the years 1815 to 1819 inclusive, are exhibited in the following table.

Years.	Goods paying ad val. duties.	Wines, Spirits, Molasses, Teas, Coffee, Sugar, Salt.	All other articles.	Total.
1815	88,914,910	25,000,000	8,000,000	118,914,110
1816	22,462,766	28,200,000	9,900,000	60,569,766
1817	41,816,141	25,100,000	6,600,600	73,516,141
1818	58,795,574	26,838,298	8,843,300	94,477,172
1819	49,000,000	23,600,000	6,680,000	79,280,000
	257,995,591	128,738,298	40,023,300	426,757,189

Remarks on the above Tables.

In the tables of imports, the goods re-exported are not included, the estimate being made up from the duties actually paid into the Treasury. The estimate for 1819 is formed from the estimate of the Revenue for that year in the Secretary's Report.

The table of exports exhibits the value of domestic productions only.

Of the articles imported, nearly 258 millions are goods paying ad valorem duties, of which we could have made nine-tenths ourselves, and of the remainder we could have made at least 50 millions worth more. Here then is the picture of the mode by which we have been deprived of the exercise of our industry. Here are articles amounting to more than 300 millions of dollars, which we could have made ourselves, imported from foreigners, while a vast portion of our citizens have been kept in idleness, and have latterly been reduced to poverty and want, because we have not made them; and here we see a balance of more than 120 millions of dollars, for a considerable portion of which our *future industry is mortgaged;* and another portion is lost for ever, partly to our own merchants and partly to those who furnished the articles; part of the latter in a way not very creditable to us, although the furnishers of the goods have ge-

nerally pursued the trade with an avidity which gives them no right to complain.

Having taken this retrospective view, we shall now look forward at what ought to be done for the future. It is presumed, that we must either do something efficient *by legislation*, or something will be done for us *by the force of circumstances* that will greatly add to our already embarrassed situation. As a text to this inquiry, I beg leave again to resort to the aforesaid letter, page 12.

"The whole surplus of our national stock has gone to England, and this will of course cause an annual drain of specie to follow the stock. The whole surplus of our national bank stock has gone to England, and the dividends must follow of course. But this is not all. The exchange is still against us, and will operate to drain off the surplus capital of specie. And what then? Why then, indeed, we will be, to use the sailor phrase, brought up, and the evil will in process of time cure itself, but it will be through a course of suffering and sorrow distressing to contemplate."

Again, page 20.

"America has been importing goods to the extent of 80,000,000 dollars, and exporting to the extent of 55,000,000 dollars, for three years past. The balance against her at the present time, in consequence, is 75,000,000 dollars.* This may be augmented, perhaps, to 100,000,000 dollars. Further than that it probably won't go, because it will exhaust all our means and all our credit. Two-thirds of our means consisting of national stock and bank stock, are already exhausted. Then comes the specie. Then we can run our credit, perhaps, for another year. At the end of that period it must yield to the pressure; and then"—Here follows a string of calculations.

The remedy for the evil was pointed out in page 13.

"The means of giving active employment to the inhabitants *is only to be found* in the general establishment of manufactures, and to secure this important measure nothing more is wanted but for the Congress of the United States—

"To lay on duties sufficiently high to protect them.

"To devise a system of laws to guard against smuggling and fraud.

"And to hold forth a sufficient guarantee to encourage the manufacturers to persevere till the system is brought to maturity."

The subject was taken up by Congress, as already noticed, and operated upon to an extent that was pretty generally believed to be adequate to afford sufficient protection; but after two years experience, it is found that we have run more deeply in debt to foreign nations, and our manufacturing industry is more depressed than ever. It is presumed that we have now reached *a Crisis*, AND CHANGE THE SYSTEM WE MUST. Having exhaust-

* The average imports of these three years, estimated from the official returns now received, amounts to - - - - $ 84,333,339
The average exports, by the same, amounts to - - - 56,334,756
And the aggregate balance against the United States, amounts to 83,885,649
So that the estimate was considerably *under-rated*.

ed all our surplus wealth, and run our credit as far as it will probably go, to procure foreign commodities; we may now lay our account to be restricted in the use of them, within our means of paying for them. To have a clear view of this part of the subject, we may look at what these means will probably consist of hereafter; and to what extent.

We export certain articles, principally provisions and raw materials, to foreign countries. The average amount in five years has been under 61 millions of dollars annually. During part of that period we have had uncommonly high prices for our produce, particularly cotton, wheat, rice, flour, and tobacco. Now we are very much restricted in the use of foreign markets, and every article has found its level, or is in a depressed state. It is believed, that the exports for a series of years to come will not average more than 50,000,000 dollars.

The reasoning in this letter, as to future imports, being very much influenced by the question as to the extent of our exports, the following table is inserted, exhibiting the exports for five years, and in the last column there is an estimate for 1820, which makes the amount only 46,640,000 dollars; but it is believed they will rise in future years, particularly in the article of manufactures, we therefore assume 50,000,000 dollars as a datum to guide our inquiries.

It will be observed, that the Table exhibits the value of domestic produce only.

Table of Exports from 1815 *to* 1819, *inclusive, with an Estimate for* 1820.

From what source.	1815.	1816.	1817.	1818.	1819.	Estimate 1820.
The sea, -	912,000	1,331,000	1,671,000	2,187,000	2,024,000	2,000,000
The forest, -	3,900,000	6,740,000	6,484,000	5,691,000	4,927,000	5,000,000
Animals, -	1,332,000	1,320,000	2,069,000	1,936,000	2,025,000	2,000,000
Wheat flour and biscuit -	7,209,000	7,712,000	18,432,000	12,463,000	6,415,000	7,000,000
Indian corn & meal	1,140,000	1,646,000	1,329,000	2,335,000	1,424,000	1,500,000
Rye and meal,	———	———	627,000	640,000	296,000	400,000
Rice, -	2,785,000	3,555,000	2,379,000	3,263,000	2,143,000	2,500,000
Other kinds of grain	100,000	238,000	187,000	347,000	195,000	200,000
Tobacco, -	8,235,000	12,809,000	9,230,000	9,867,000	7,637,000	7,000,000
Cotton, S. I.	2,619,000	4,653,000	3,241,000	3,810,000	3,370,000	3,000,000
Other kinds,	14,909,000	19,453,000	19,387,000	27,524,000	17,712,000	13,000,000
Other products,	478,000	1.196,000	341,000	712,000	235,000	400,000
Manufactures,	1,553,000	1,755,000	2,202,000	2,439,000	1,944,000	2,000,000
Uncertain, -	791,000	1,049,000	734,000	640,000	630,000	645,000
	15,974,403	64,782,000	68,313,000	73,854,437	50,976,838	46,640,000

	Cotton exported.	*lbs.*	*Value.*
1815 -	Sea Island, -	8,449,951 -	31 *cents.*
	Other kinds, -	74,548,796 -	20
1816 -	Sea Island, -	9,900,326 -	47
	Other kinds, -	72,946,790 -	27
1817 -	Sea Island, -	8,101,000 -	40
	Other kinds, -	77,547,000 -	25
1818 -	Sea Island, -	6,157,335 -	59
	Other kinds, -	86,918,843 -	33
1819 -	Sea Island, -	7,485,775 -	46
	Other kinds, -	80,508,270 -	22

Now it is presumed that we are indebted to foreign nations, at least - -		$ 50,000,000
For which we will have to pay an annual interest of - -	$ 3,000,000	
And allow as a sinking fund, to pay off the principal - -	2,000,000	
The two items will have to be paid out of the proceeds of our produce - - -		5,000,000
Leaving a fund for imported goods of -		$ 45,000,000

Now, there are certain articles, partly of necessity, and partly of luxury, but rendered necessary by habit, that we either do not raise ourselves, or not in sufficient quantity to supply the demand, and these we must continue to import. We shall take a view of the most prominent of these articles, classing them into three divisions.

1. Wines, Spirits, Molasses, Teas, Coffee, Sugar, and Salt.
2. Cocoa and Chocolate, Oils, Fruits, Spices, Drugs and Coal.
3. Gums, Watches, Tin-sheets, Colours, Dye-stuffs, and Japanned and Plated wares.

These articles will amount to a considerable sum, under any modification of the tariff.

It is presumed, that those marked No. 1. will exceed $ 24,000,000, and Nos. 2, and 3. will probably be about $ 4,000,000, leaving only $ 17,000,000 to pay for other manufactures. If these statements be at all correct, it follows, that we must hereafter make a very considerable portion of those

manufactures for ourselves, which we heretofore imported. The average imports of the goods corresponding to those for which the above $17,000,000 is appropriated, amounts to upwards of $53,000,000 annually; and the proofs are pretty decisive, that we must make all that portion of them which exceeds $17,000,000, or go without them. This leads again to a view of the grand question. *Can efficient protection be afforded to domestic manufactures, consistently with the general interest of the nation?* This question has been decisively answered in the affirmative, and we may now add, that it is believed and respectfully submitted, that in addition to this circumstance, the tariff can be so modified as to secure the greatest blessings to the nation, particularly in the following very essential points.

1st. To prevent us from running further into debt.
2d. To protect and encourage every branch of national industry.
3d. To raise a sufficient revenue, without the necessity of resorting to internal taxes.

Under this persuasion, the following view, and modification of the tariff, is respectfully submitted for consideration.

The Report of the Secretary of the Treasury presents a very accurate statement of the imports of 1818, and is assumed as a datum whereon to ground the calculations.

In 1818, *the Wines* imported amounted to 1,663,482 gallons, valued at $1,104,952. The duty averaged 37·9 per gall. and amounted to $630,181. By raising the tariff, so as to average 60 cts. per gall. it is believed the importation would not be diminished, while the revenue raised would be $998,000.

The Spirits imported amounted to 6,052,453 gallons, valued at $5,616,676. The duty averaged 43·7 per gall. and amounted to $2,646,187. By raising the duty to average 70 cts. per gall. it is believed the quantity would be reduced to about 4,000,000 gallons, value $3,744,000, and the revenue would be $2,800,000.

The Molasses imported amounted to 12,315,000 gallons, valued at $6,157,511. The duty was 5 cts. per gall. and amounted to $615,751. By raising the duty to 8 cts. it is believed the quantity would be reduced about one-fifth part, amounting to $4,915,000, and the revenue would be about $640,000.

The Teas imported amounted to 4,842,963 lbs. valued at $3,849,241. The duty averaged 31·6 per. lb. and produced

$1,531,749. By raising the duty so as to average 50 cts. it is believed the quantity would not be diminished, and the revenue raised would be $2,421,845.

The Coffee imported amounted to 19,199,403 lbs. valued at $2,867,910. The duty was 5 cts. per lb. and the amount was $959,970. By raising the duty to 8 cts. it is believed the quantity imported would not be materially reduced, and the revenue would be about $1,520,000.

The Sugar imported amounted to 51,284,983 lbs. valued at $6,003,430. The duty averaged 3·06 per lb. and produced $1,568,892. By raising the duty to average 5 cts. per lb. the quantity would not be greatly, if at all, reduced, and the revenue would be $2,550,000.

The quantity of *Salt* imported amounted to 2,752,396 bushels, and is valued at $1,238,578. The duty was 20 cts. per bushel, amounting to $550,479. By raising the duty to 40 cts. it is believed the quantity would not be materially reduced, and the revenue raised would be about $1,080,000.

The whole of the other articles paying specific duties are valued at $8,843,900, and produced a revenue of $1,591,701. By raising the duties so as to be double on an average, the quantity would probably be reduced one-half, and the revenue would be the same as in 1818.

On these articles we may remark, that *Hemp*, and *manufactures of Hemp*, *Sheeting*, *Beer*, *Oil*, *Soap*, *Cheese*, *Tallow*, *Lead*, and *manufactures of Lead*, *Cordage*, *Copper rods*, &c. *Iron* and *Steel*, and *manufactures of these articles*, *Wire*, *Glass*, *Boots*, *Shoes* and *Slippers*, and *Playing Cards* ought to be subject to a pretty high duty. *Cotton* and *Tobacco* ought to be prohibited. *Alum*, *Coal*, *Copperas*, &c. may, perhaps, be continued as they are.

The articles paying 7½ *per cent.* ad valorem, amounted to $2,387,693, and produced $179,760. By raising the duty to 50 per cent. the quantity would probably be reduced one-half, and the residue would yield above $700,000.

N. B. Such articles of Gums and Drugs, as we cannot manufacture ourselves, may perhaps be continued as they are, or go free. The other articles being all luxuries will easily bear 50 per cent. ad valorem.

The articles paying 15 *per cent.* ad valorem, amounted to

$19,445,529, and produced $2,916,828. By raising the duty to 50 per cent. ad val. the amount would probably be reduced one-half, and the revenue would be $5,350,000.

The articles paying 20 *per cent.* ad valorem amounted to $9,524,531, and the revenue was $1,901,906. By raising the duty to 50 per cent. the quantity would probably be reduced one-half, and the revenue would be $2,590,500.

The articles paying 25 *per cent.* amounted to $24,804,188, and the duty to $6,201,049. By raising the duties to 50 per cent. the quantity would probably be diminished to $12,000,000, which would produce $6,600,000.

The articles paying 30 *per cent.* ad valorem, amounted to $2,633,637, and yielded $790,091. By raising the duty to 50 per cent. the amount would probably be reduced to $1,000,000, and the revenue would be about $550,000.

The following table exhibits the aggregate of imports and duties in 1818, and an estimate of the gross imports and duties predicated upon the foregoing plan for the modification of the tariff.

Aggregate Imports and Duties, 1818.				Supposed aggregate imports and duties per modified tariff.		
Articles.	Amount.	Rate of duty.	Amount of duty.	Amount.	Rate of duty.	Amount of duty.
Wines, . .	1,104,952	37.9	650,181	1,105,000	60	998,000
Spirits, . .	5,616,676	45.7	2,646,187	3,744,000	70	2,800,000
Molasses, .	6,157,511	5	615,751	4,915,000	8	640,000
Teas, . . .	3,849,241	31.6	1,531,749	3,849,241	50	2,421,845
Coffee, . .	2,867,910	5	959,970	2,867,910	8	1,520,000
Sugar, . .	6,003,430	3.06	1,568,892	6,003,430	5	2,550,000
Salt, . . .	1,238,578	20	550,479	1,238,578	40	1,080,000
Other articles,	8,843,300	per cent.	1,591,701	4,422,000	per cent.	1,591,701
Ad valorem,	2,387,593	7 1-2	179,760	1,193,800	50	700,000
——	19,445,529	15	2,916,828	9,722,000	50	5,350,000
——	9,524,531	20	1,901,906	4,762,000	50	2,590,000
——	24,804,188	25	6,201,049	12,000,000	50	6,600,000
——	2,633,637	30	790,091	1,000,000	50	550,000
Nett amount,	$94,477,176		22,084,544	56,822,959	Gross	29,391,546

Estimated gross importations,	$56,822,959—Duties, . . .		29,391,546
Suppose to be exported, .	11,882,959—Drawback, deduct. 5 p. ct.		5,685,000
	Net revenue, . .		23,706,546

Should the foregoing plan be adopted, there will be no difficulty, on a net importation of 45,000,000 dollars, to raise a re-

venue of - - - - -		23,706,546
Then, to ascertain the net customs, add—		
Extra duty on foreign vessels raised to 20 per cent., provided it can be done consistently with existing treaties, suppose	$500,000	
Interest and storage,	100,000	
Tonnage, supposed to be augmented by the new regulations,	400,000	
Light money,	50,000	
		1,050,000
		24,656,546
Deduct expenses of collection, suppose		756,546
Leaving a nett revenue of		$24,000,000

The next object is to *secure* this revenue and have it *promptly collected.* The best mode will be to make the duties payable in cash, on delivery of the goods. But in order to accommodate the merchants, the goods may be allowed to lie in bond for a reasonable time; and the importers may, if it suits their conveniency, sell them in bond.

Lastly, connected with this subject, we may notice, that in order to secure both the American manufacturer and trader in the use of their own market, there should be a reasonable duty imposed upon all sales at public auction. The revenue to be raised from this source may be assumed at 500,000 dollars.

Though not immediately connected with the main object of this letter, we may notice another subject as connected with the finances of the country,—that is, THE PUBLIC LANDS. It would be of great importance to repress speculation in these lands, as much as possible; and to be able to calculate with some degree of certainty upon the annual revenue to be received from them. To accomplish these objects, all public sales should be payable in cash, and to encourage the poorer class of settlers, the land laws might admit of the sections being divided, where deemed expedient, into *eight parts.* The plan of giving credit to *actual settlers* is judicious, but no credit should be given to such as buy the land on speculation. Under judicious management, a permanent revenue may be reckoned upon from this source, equal to 3,000,000 dollars.

Another subject of revenue is the Bank of the United States; but it is believed that no advantage can be derived from it, either of a public or private nature, unless efficient protection is afforded to national industry. Foreign commerce is very limited and unproductive; and internal speculation has played its card. No reasonable hope can therefore be entertained of the resuscitation of the affairs of the bank, unless a well organised system of internal industry be adopted, so as to give active and safe employment to its capital.

We may now recapitulate the various sources of revenue.

Customs per statement, - - -	$24,000,000
Duty on sales at auction, - - -	500,000
Public lands, - - - - -	3,000,000
Bank dividends at present not reckoned upon,	0,000,000
	$27,500,000

This sum, it is believed, can be easily raised without having recourse to internal taxes; and it is presumed it would be sufficient for all the fiscal transactions of the government, including a sum for the gradual increase of the navy, and another for a gradual reduction of the national debt.

Should these, or similar regulations be adopted, so as to give practical effect to a general system of national industry, then is the foundation laid for a period of prosperity and comfort in the United States, unexampled, probably, in the annals of the world.

In the mean time, all classes of the community seem to feel the effects resulting from the loss of our industry, and consequent national distress, and various plans are agitated for relieving it. The only efficient plan, in my opinion, will be such a modification of the tariff as will secure to manufacturing industry the use of its own market. Without that, all others will be mere palliatives, calculated rather to prolong the disorder, than to cure it.

A favourite plan, now in discussion, seems to be a national paper circulating medium; and having given an opinion upon so many topics in this letter, I shall respectfully submit an opinion upon that also.

I have always been of opinion that a paper circulating medium, under proper regulations, is very beneficial to society; that the government of the country should have the controuling power

over it; and that the profits arising from it should of right belong to the community at large. I am clearly of opinion that such are the resources within the power of the government of the United States, that they might with the greatest propriety, and advantage to the public, convert a considerable portion of their public debt into treasury notes, bearing no interest, and that these might be emitted under such regulations, and with such security for their payment, that, in the event of a deficiency at any time of the precious metals, the banking institutions might be allowed to pay their notes either in national paper or specie. The right to do all this is clearly inherent in the government of the United States. The next question is, as to the expediency of the exercise of that right at the present time.

I have already stated, in substance, that no plan will be adequate to relieve the present embarrassments unless means are adopted to give efficient protection to manufacturing industry. If that is done, then a national circulating medium might get a fair trial. The experiment may be tried with perfect safety, and with considerable advantage, in this way.

1. Let the amount to be issued be *limited, so as not to exceed one year's revenue*, and be receivable in all payments to the United States. The ways and means for its redemption being thus provided for within the year, it cannot depreciate.

2. Let the plates, paper, and printing, be of the most exquisite kind, such as can be furnished by artists within the United States, and the paper cannot be counterfeited.

3. Let the figure and denomination of the notes be such as to fit it for a convenient circulating medium—say notes of five dollars and upwards. The circulation would probably be very considerable.

An issue of such notes, to a moderate extent, and under proper regulations, would, in my opinion, do a great deal of good, and could not do harm—that is, *provided other regulations are adopted to give efficient protection to manufacturing industry.* If such regulations are not adopted, a resort to paper money, under any regulations, will make bad worse.

Having now made a survey of "the whole ground," and given an outline of the only plan which has occurred to me for protecting and encouraging our national industry, I shall close the subject by a short view of the general effect which would be produced on the "great interests of the nation."

First. By securing to American manufacturing industry the use of its own market, the consumption of imported articles would be lessened, and room would be made for domestic articles to the extent of 40,000,000 or 50,000,000 dollars. This would give immediate employment to many worthy citizens who are now pining in poverty and want, and the whole value of the labour expended upon the articles, to the extent of 20 or 30,000,000 dollars annually, would be clear gain to the country.

Secondly. It would secure the agriculturist in a market at home for his surplus produce, and afford him articles in exchange much better suited to his wants and habits than the general run of imported articles.

Thirdly. It would, by providing a very extensive field for employment, lessen competition, and secure to the American merchants and capitalists the exercise of a profession to which they are peculiarly fitted by their education and habits. But more than this—It would afford continual openings for giving employment to all classes of the mercantile community; it being well known that merchandise and manufactures are so intimately connected, that great facilities are afforded for changing from the one to the other, as circumstances may render expedient.

Fourthly. To American ship owners, and sailors, it would give additional employment, by the augmentation of the coasting trade, and would very soon pave the way for a very extensive trade to Mexico and South America.

Fifthly. To those concerned in literature, the learned professions, and the arts and sciences, it would be most beneficial, by creating a quick circulatien of money, and putting it in the power of all the members of the community to avail themselves of the advantages of a liberal and polished education. It is well known of what importance manufactures are to chemical science, and they are also very important to mechanical science, and to hydrostatics and hydraulics.

Sixthly, and *lastly.* To the government of the country the advantages are most obvious, particularly in the article of revenue, which would, by this system, be placed on a secure basis, not subject to be shaken by foreign agents, nor foreign contingencies; while the whole revenue could be raised without a cent of internal taxes.

The question being one of pure national importance, it ought to be taken up and discussed as such, without being influenced

by any one class, or portion of the community. Great efforts have been made to enlighten the public mind on the subject, and the question now occupies a large share of public attention. Numerous petitions will be presented, and numerous opinions given, some of which will no doubt be dictated more by individual or local interest than by liberal feeling. But the question will be best decided by keeping one single object in view—that is—To SECURE TO AMERICAN INDUSTRY, IN ALL ITS BRANCHES, THE FREE USE OF THE AMERICAN MARKET. That done, all will soon be well. Long neglected it cannot be; but while it is, we are inflicting heavy stripes upon ourselves. Let us change our policy, and hereafter attend to our own best interests. American industry is proverbial. Let it only have "efficient protection" in all its branches,—and being already the most free and independent,—we will speedily become the most prosperous, and the most happy community in the world.

Before bringing the subject to a final close, I beg leave briefly to advert to one branch of manufactures, with which I am intimately acquainted, and for which this country is peculiarly fitted —that is, the cotton trade. This trade appears to me so very important to the United States, that I am induced to submit the following calculation of the effects which would be produced by manufacturing the cotton of the United States, instead of exporting it. The calculation is made from the exports of cotton in 1818.

Cotton exported in 1818.

Sea Island,	6,457,835 lbs.	valued at	59 cents,	$3,939,828
Other kinds,	86,018,845	do.	33 do.	25,524,430
		Total value,	- -	$31,514,258

Suppose the whole manufactured into cloth, the waste in cleaning the Sea Island would be about *one-fifth*, and on other kinds *one-seventh* part. The Sea Island could be manufactured into cloth, say one half at 5 yards per lb. value to average 60 cents per square yard, and the other half at 6 yards per lb. averaging 80. The other kinds one half at 3 yards per lb. averaging 20 cents, and the other half 4 yards per lb. averaging 40 cents.

The result would be nearly as follows:

Sea Island, gross,	6,457,835		
Waste,	1,457,835		
Clean,	5,000,000		
One half,	2,500,000—5 yards is 12,500,000—60 cents,		$7,500,000
Other half,	2,500,000—6 yards is 15,000,000—80 cents,		12,000,000
Other kinds,	86,018,845		
Waste,	12,018,845		
Clean,	74,000,000		
One half,	37,000,000—3 yards is 111,000,000—20 cts.		22,203,000
Other half,	37,000,000—4 yards is 148,000,000—40 cts.		59,200,000
		386,500,000	100,900,000
Add printing, tambouring, sewing, and otherwise ornamenting these goods, - - - - - -			24,100,000
			$125,000,000
Deduct the price of Cotton for 1818, - - - - - -			31,514,258
Making a difference of - - - - -			$93,485.742

Though cotton was at the enormous high prices of 59 and 33 cents per lb.

To reduce it to the present rates the result would be,—

Manufactured goods - - - - - -	125,000,000
Deduct the value of cotton at present prices, 40 and 16 cents per lb. - - - - - - - -	$16,594.355
Making a difference of - - - - -	$108,405,645

The hands employed in the various branches of this manufacture, with the aid of machinery, would be about as follows—

	Men.	Women and Children.
Cotton cloth at 3 yards per lb. -	1100	21,100
4 do. do. - -	3000	41,800
5 do. do. - -	820	7,380
6 do. do. - -	2050	14,350
Printing, &c. - - -	2400	9,700
	9370	94,330
Total, men, women, and children,		103,700

Value of the manufactures over the raw material, - $108,405,645

Being upwards of $1000 for each person.

The above calculation is made, keeping in view the present state of the cotton trade in the United States. When the trade has so far advanced as to have machinery as perfect as in Eng-

land, the same number of hands could produce manufactured goods to the value of nearly three hundred millions of dollars.

An allowance of nearly fourteen millions of pounds is made for waste; but with perfect machinery nine-tenths of that could be wrought up in inferior goods, such as counterpanes, coarse calicoes, &c.

Thus, it appears from the foregoing calculations, that if we would manufacture all our cotton instead of exporting it, we would make a clear national gain of above ONE HUNDRED MILLIONS OF DOLLARS, and that from the employment of about 9400 men and 94,000 women and children!!

It is calculated that at least 15,000 persons are either idle or unproductively employed at present in the single city and county of Philadelphia, so that above *one-seventh part* of the whole labour necessary to produce an annual advantage of more than 100,000 dollars is to be found, *unemployed mark*, in this district only. This, if applied, would be an advantage to it of upwards of fifteen millions of dollars annually! There is no exaggeration in this statement. It is deduced from plain facts, which no reasoning can set aside, nor sophistry invalidate. The value of the cotton trade is well known in Britain, and when we look at the result of these calculations, we cannot wonder that a nation, *so interested*, should strain every nerve to hold a monopoly of it. We can easily account for the sophistical arguments used by that people to persuade other nations how *very detrimental* it is to engage in manufactures, while they pursue the manufacturing system themselves with the greatest avidity; aye, and guard it with such jealousy, that they would not let another nation in the world manufacture *a hob nail*, if they could prevent it. But the scene is about to shift *now*, as regards the United States. The importance of the manufacturing system is NOW as clearly seen as if it were written with a sun beam, and the industry and mechanical genius of the United States will at no distant day produce as great an effect in manufactures generally, as in those branches of the arts which were not susceptible of being invaded and borne down in their infancy by foreign rivalship.

Look at what American genius has achieved—

It has twice conquered LIBERTY from the most powerful nation, at arts and arms, in the world.

It has reared a monument to INDEPENDENCE that will last through endless ages.

It has provided an ASYLUM for the human race, and formed a plan whereby every citizen may become a FREEHOLDER.

It has beaten a powerful army of 12,000 men with 3600; the loss being about 1 to 36.

It has brought to a high degree of perfection ship building and navigation.

It has established such confidence in our naval power, that our brave tars can exclaim, "We have met the enemy, and they are ours."

It has established and brought to maturity navigation by steam.

It has established and brought to maturity paper money that cannot be counterfeited.

And it has made many important improvements in various branches of agriculture, manufactures, and arts.

It may be said—Aye, but America is indebted to other nations for some portion of that genius, and these improvements.—Granted.—And so much the better. It only proves, that where freedom dwells there will genius be attracted by kindred feeling—there she will freely associate with native genius; and there both will rise proudly pre-eminent.

A nation possessing such genius, and such power, with such means of making fresh acquisitions to both, can, and must make itself FINALLY INDEPENDENT, by providing means of employment for all its members, and supplying all its wants within itself. But it is confidently predicted, that the American nation will do more than this. She will, at no distant period, out-rival Britain as far in manufactures as she has done in some of the other arts. It is not pretended, that she can do this in one, two, or three years; nor is it necessary, she should. The great object is to make a beginning by "efficient protection." Let that be afforded by the present Congress, and manufactures will be speedily established to such an extent as will afford the means of employment to all the members of the American community, and restore a sound currency to the country. Let this protection be continued, and such is the writer's confidence in the genius, enterprise, and good management of his fellow-citizens, that he firmly believes the single city of Philadelphia will, within eight years, through the medium of its manufacturing industry, possess the means of drawing more specie in one year from Mexico and South America, than is at present in all the banks of the United States. At all events, after a full

examination of the subject he is proud to put his sentiments on record, and "howe'er time and chance may determine the issue," he is sure that they will remain a standing monument of the best wishes of a sincere friend to the country.

JOHN MELISH.

Philadelphia, 1*st Jan.* 1820.

APPENDIX.

On the Balance of Trade.

IT is generally admitted, that the Balance of Trade since the last peace has been against the United States. The result of every investigation clearly shews this, but as bills of exchange have not risen much above par, a considerable difference of opinion may exist as to the extent. The author of this letter, it will be seen, page 20, estimates it at more that 120 millions of dollars; and he sees no reason to alter his opinion; although it is admitted, that a considerable portion is lost by the furnishers of the goods, in sacrifices by *auction sales*, and by *bad debts*.

Since this estimate was formed, a report has been made in the Senate of the United States, which throws some additional light on the subject, and the matter is considered of sufficient importance to induce us to take another view of it.

It is known, that at the close of the war, the American merchants had a considerable balance in Europe. It is not known how much, but it is presumed it would be estimated high enough at - - - - - $10,000,000

The estimate of the imports, formed from the duties actually paid, deducting goods re-exported, is, in round numbers, (see page 8, of the foregoing letter,) - - - -		426,750,000
The amount of exports of domestic produce, from official returns, is in round numbers, -		303,900,000
And it is estimated, in the aforesaid report to the Senate, that the goods admitted duty free amount to 5 millions per annum.		
The amount for 5 years is, -	$25,000,000	
Of which are re-exported 1 million per annum, in 5 years, -	5,000,000	
		20,000,000
To which we may add goods smuggled into the country, or entered at less than the value, at 5 millions per annum, - - -		25,000,000

Before proceeding to form a fresh estimate from these data, we may notice, that the duties actually paid into the treasury from 1815 to 1818, inclusive, deducting all drawbacks, and other charges, except the expenses of collection, amount to,

		$104,468,946
3 First quarters of 1819, -	$15,604,081	
Last quarter, estimated at, -	4,000,000	
		19,604,081
		$124,073,027

Which being considerably above one-fourth part of the estimate of the goods, that estimate cannot be too large.

Now for the application—

Imports paying duties,	$426,750,000	
Deduct on the portion paying ad valorem, 1 per cent. or $234,500,000	23,450,000	
		$403,300,000
Goods admitted duty free, - -		20,000,000
Goods smuggled or entered at less than the value,		25,000,000
Total imports,		$448,300,000
Exports, - - -	$303,900,000	
American property abroad at the peace - - -	10,000,000	
		313,900,000
Leaving an apparent balance against the country of,		$134,400,000

So that ample allowance may be made for freights, charges, and many other contingencies, and yet the balance against us will be more than 120,000,000 of dollars. It is firmly believed, that it is fully equal to all the duties paid into the treasury since the peace!!

Viewing this picture we cannot wonder at the embarrassed state of the country, in all the various branches of trade and finance.

Observations on the Former Letter.

IT is believed, that the foregoing calculations afford decisive evidence that the system in which we have been involved has brought a balance against the United States, great in extent, and ruinous in its consequences; and this circumstance will probably add weight to the former letter, in which some of the consequences were predicted. On this account it may be of importance to advert to a few more of the *facts* contained in it; and to correct some errors in the *reasoning*.

In page 9, the situation of the country, in consequence of the loss of its industry, was adverted to as follows:

"The situation in which we stand is a very singular one indeed. Possessing a chosen country, with room for our descendants io the thousandth and thousandth generation—with a fine soil, a fine climate, ample store of minerals, of fuel, and of raw materials, for every species of manufacture—with a country better adapted for *internal navigation* and *commerce*, than any other that I know of in the world—and inhabited by a race of people inferior to none for intelligence, sobriety, and industry. Yet with all these imposing advantages, we are cursed with a species of foreign commerce which, like a canker worm, is gnawing out our vitals. Those engaged in it are impoverished. Failures innumerable have taken, and are taking place; and the commercial character of the country is sunk and degraded in consequence. The surplus wealth of the country is drained off to support our rivals in Britain; and in many districts of the country, a great portion of the citizens are at a loss for employment!—Yes—in this very country—this industrious population—are absolutely at a loss for something to do. It is really painful to contemplate the picture; but contemplate it we must; for in no other way can be do justice to the subject.

This melancholy picture pervades the country throughout, less or more; but it is very prominent on the Atlantic coast, and particularly in and about the great commercial cities. It is calculated that in Philadelphia city and county, at least 15,000 people, all able and willing to work, are either idle, or occupied in unproductive labour. The proportion along the seaboard is probably equal to this, through its whole extent; and half this proportion may be the estimate for all the other parts of the country.

This will give along the Atlantic coast, about - - - - -	150,000
And in other parts - - - - - - - -	350,000
Making a population in all, who have either nothing to do, or are engaged in unproductive labour, of - - - - - -	500,000
Now by looking at the last census of the United States, we will see that the whole population is - - - - - - - - -	7,239,908
Of these, the free white males, between 16 and 45, amount to - -	1,119,944
Females - - - - - - - - - -	1,105,824
Total 1 -	2,225,768

"This we may assume as the number of inhabitants in the United States fit for productive labour; and we find, that if the estimate of those who are rendered unproductive by existing circumstances be correct, it amounts to nearly one-fourth part of the whole!—

Allowing 3 dollars per week as the wages which these people could earn, if properly employed, it would amount to 1,500,000 dollars per week, or 73,000,000 dollars annually; and allowing double that sum as the value of their labour, it would be 3,000,000 per week, or 156,000,000 annually, to be added to the national stock; more than what is at present; to say nothing of the market it would create for cotton, for wool, for iron, for wood, and other raw materials; the active spring it would give to every species of industry, particularly in the internal demand for the products of the farmer;—and the active impulse it would give to internal commerce."

The subject was again resumed as regards the Philadelphia district, page 27, as follows:

"We have estimated the number out of employment, in the district at present, at 15,000. It is believed that it is greater, but let us take that estimate. The wages of 15,000 people, at 3 dollars per week, is 45,000 dollars weekly, or 2,340,000 dollars per annum. Then the work of these people is worth double that sum, say 90,000 dollars per week, or 4,680,000 dollars per annum."

This estimate is amply corroborated by the report of the committee appointed to make inquiry into the situation of the manufactures of the city of Philadelphia and its vicinity, dated the 2d October last; from which the following is an extract:

"In the article of wages alone, there is in *thirty branches* of manufacture, an actual annual loss of - - - - - - - - $2,366,935

"Supposing the materials only equal to the wages they amount to, 2,366,935

"Annual amount of productive industry smothered by our present system, $4,733,870

"In this city and vicinity, there are, it appears, 7,288 persons thrown idle, and it is far from unreasonable to presume, that on every person thus deprived of employment, at least two other persons depend. Hence it follows that no less than 21,864 persons are bereft of maintenance in thirty branches of business, in one single district of no great extent, not 40 miles in diameter."

In pages 21 and 22, the probable fall of produce and consequent reduction of our exports, were adverted to as follows:

"The amount of our exports will probably be less by twenty millions of dollars than it has been. By recent accounts from England, it appears that the ports are shut against provisions. This is the way that the business is always managed there. Every circumstance is made to bend before what they conceive to be their own interest. The whole of their regulations are calculated to make all the world subservient to their policy, and there is no reciprocation, except what occasionally arises from their own wants. This measure will materially affect the interests of the northern, middle, and western states; and measures are in operation that will very soon affect the southern, and south-western. By recent advices from Liverpool, it will be seen that the English nation is using every effort to raise a supply of cotton in their own colonies, and dependencies. The imports of cotton from India for the last nine months amount to upwards of 90,000 bales, and such is the avidity with which the East India Company are pursuing this trade, that it is probable they will soon be able to supply the whole consumpt of the country from thence, from the West Indies, and from South America. Then cotton will decline in price as it did before the war; and the chance is that the amount of our exports will be lowered one-half.

"Here then is the picture which our foreign relations, as regards imports and exports to and from Britain, must assume twelve or eighteen months hence, unless Congress regulate the matter by legislation in the interim."

The calculations in the former letter, pages 20 and 22, relative to the effects of our system of foreign commerce, are correct in substance, but not in form.

It was supposed that if we continued to import greatly beyond our means of paying, it would operate to impose a tax upon imports to a great extent, and bills of exchange would rise.

A most ruinous loss has been sustained by the trade generally; but a great part of it being sustained by sacrifices at auction, and bad debts, it has consequently been borne principally by the dealers in the articles. The goods being forced into the market could not rise in price, but the result has been to depress every kind of industry.

Bills of exchange have not risen owing to the following circumstances.

1st. The demand for United States stock, and bank stock, in London.

2d. The high price, and consequent *speculation*, in some of the principal articles of American produce, in 1818; throwing a great quantity of bills of exchange into the market.

3d. The immense losses sustained on imported goods by *forced sales* and *bad debts;* lessening the remittances to Britain.

In consequence of the quantity of foreign goods which remains on hand, (a considerable portion of which will probably be re-exported) and the numbers of the mercantile community who are thrown out of employment, and must live upon the stock, bills of exchange do not rise now, nor is it probable they will rise hereafter, at least for some time.

It is so much in favour of the exchange of the United States, that a considerable portion of the loss has been sustained by those who furnished the goods, but it is no way creditable to us; and it is unprofitable even to get goods in a present, if people are idle at home who could make them.

The supposition that we would have only about thirty millions to export was incorrect. We will, under any circumstances, except non-intercourse or war, have probably near fifty millions, (see letter, page 10); and our imports for domestic consumption cannot much exceed that sum.

There are some errors in page 16 of the former letter, relative to the rates of duty on various articles in England.

What was stated at 22 shillings—it should be	-	36*s.*
Woollen cloth 21	-	should be	- 36*s.*
[illegible], 5*l.* per cwt.	-	-	- - 6*l.* 16*s.* 6*d.*

These errors show that there was no desire to lay an exaggerated state of the case before the country. Let the British government be what it may, it certainly protects national industry at home, with all its heart and with all its soul. This will appear very clear from the following contrast.

	American protection.	British protection.
Manufactures of Brass,	20 per cent.	59 1-2 per ct.
Cotton,	25	85 1-2
Copper,	25	59 1-2
Glass,	20 and 30	114
Linen,	15	142 1-2 Besides a bounty on exportation.
Silk,	15	Prohibited.
China and Earthen Wares,	20	79
Hats, Caps, and Bonnets,	30	85 1-2
Woollen Hats,	30	85 1-2
Stockings, cotton and woollen,	20	85 1-2
Watches, &c.	7 1-2	59 1-3
Goods, Wares, and Merchandise, not enumerated,	15	59 1-3
Oil of Vitriol,	7 1-2	100
Ale, Beer, and Porter, per gall.	10 cents.	41 1-2 cents.
Woollens and worsted goods, per square yard,	25 cents.	$7 55

Whenever the American nation sees the necessity of granting such "efficient protection to manufactures" as is done by the British, there will very soon be ample employment for our citizens, and ample capital in the United States.

CONCLUSION.

If the views exhibited in the foregoing pages are correct, it follows that a new system must take place in the United States, and from many considerations the author is inclined to believe that it is already begun, and will soon make rapid progress. In the mean time he takes this opportunity to suggest to those gentlemen who have the management of Banking Institutions, the propriety of bending their attention to the subject. On taking a view of foreign commerce, it will be found that it must be, for some time at least, very limited. The whole extent of it, outward and inward, will not probably exceed *ninety millions* of dollars; and the profits upon it, including the carrying trade, estimated at 10 per cent. would be only *nine millions* of dollars. This divided among 60,000 persons, would only afford each about *three* dollars a week, or 150 dollars a year. We have elsewhere shown that 100,000 persons engaged in manufactures are capable of producing a clear annual gain of more than 100,000,000 dollars, being above 1000 dollars each a year. If such are the decisive advantages that result from internal industry properly applied, it is then both the interest and the duty of monied institutions to support it by all prudent means in their power. Money lent to support internal industry, if properly applied, provides an accumulating fund to support the lender. It does not leave the country. It brings no exchange against the banks—it circulates among ourselves, and, if properly used, proves a blessing both to the giver and the receiver; whereas what is lent to support foreign adventures of imported goods, operates to drain off the specie capital; and these goods, if imported to excess, being forced into the market, operate to pull down the manufactures of domestic fabrics, without advancing the interest of the merchants.

The author of these pages is by no means a foe to foreign commerce—on the contrary he wishes to see it encouraged by

every means consistent with the welfare of society. But being decisively of opinion that it must, by the force of circumstances, be confined within very narrow limits for some time, he wishes to see it regulated in such a manner as to give life and efficacy to internal industry. The difficulty is in making the change. When once it is fairly accomplished, our manufactures will afford new avenues of commerce, much more extended, and much more beneficial to the country, than what exists at present.